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DIRECTORATE OF  
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25X1

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SECRET

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# *Central Intelligence Bulletin*

## CONTENTS

Vietnam: Situation report. (Page 1)

Czechoslovakia-USSR: Prague is taking further steps to comply with the Moscow accord. (Page 2)



25X1

Finland: International developments will influence municipal elections next week. (Page 5)

USSR-Italy: Italian agency has broken off negotiations for buying natural gas from USSR. (Page 6)

Communist China: National Day oratory reaffirmed stabilization policies. (Page 7)

Philippines: Marcos is now playing the Sabah dispute to his own political advantage. (Page 8)

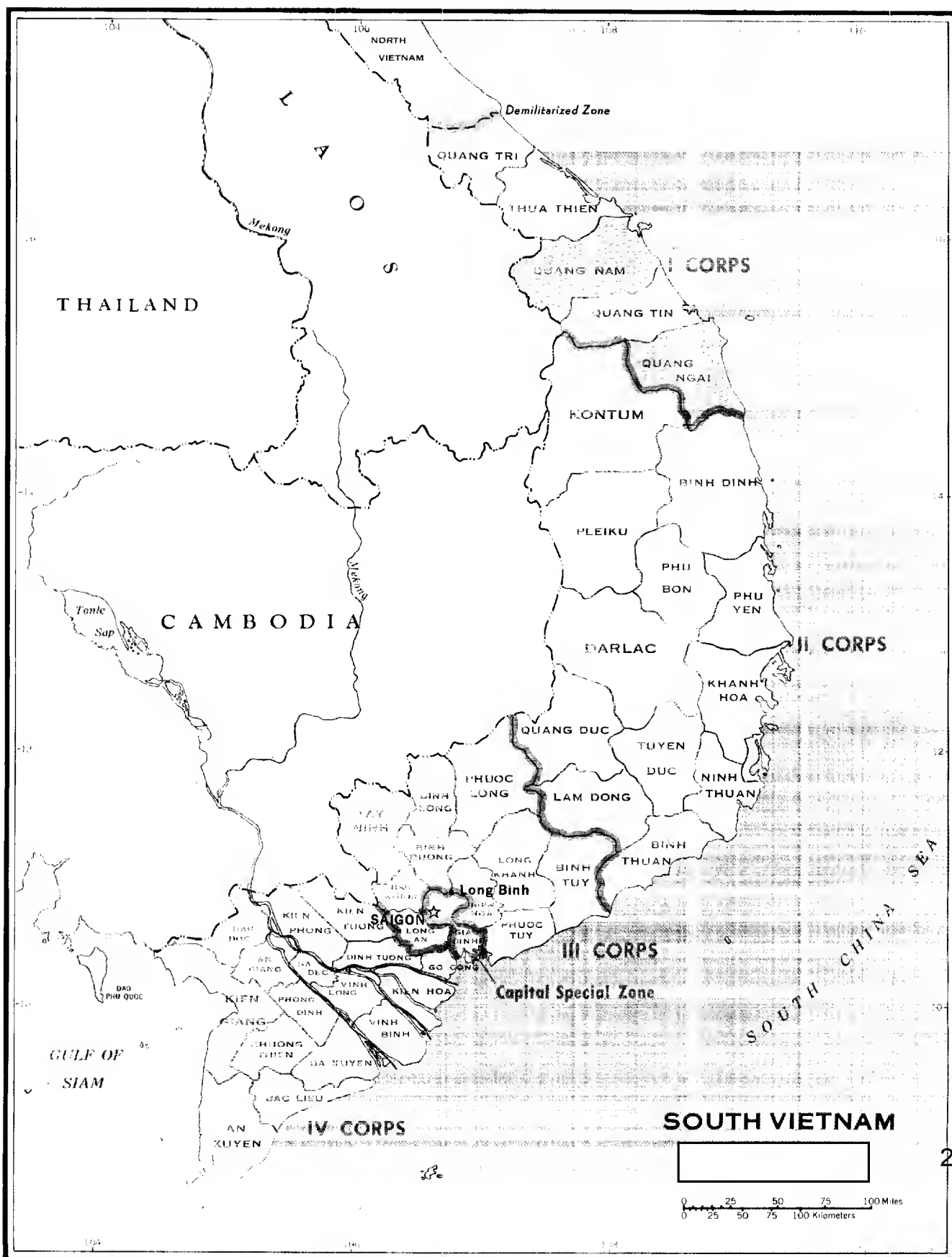
Israel: A new heir apparent to Prime Minister Eshkol is emerging. (Page 9)

Congo (Kinshasa): Return of a rebel as a national hero provokes strong reactions. (Page 10)

World Communist Conference: Postponement (Page 11)

SECRET

SECRET



25X1

SECRET

SECRET

Approved For Release 2004/03/11 : CIA-RDP79T00975A012200090001-6

Vietnam: Enemy combat activity throughout South Vietnam remained light and sporadic during the past 24 hours with the bulk of the action taking place along the central coast and in III Corps.

Several engagements erupted between allied and enemy forces in Quang Nam and Quang Ngai provinces and resulted in fairly light casualties on both sides. Eleven allied targets, including the US complex at Long Binh, were hit by Communist rocket and mortar attacks in III Corps.

\* \* \* \*

Communist reaction to Vice President Humphrey's speech on Vietnam has initially been negative. Press accounts of a statement by North Vietnamese spokesman Le Duc Tho in Paris indicate that he characterized the pronouncement as containing "nothing new" and as including the "same" demands for reciprocity which Washington has asked from the outset of the Paris talks.

\* \* \* \*

In Saigon, attention continues to center on the potential arrival of General Duong Van "Big" Minh, the exiled leader of the Diem coup who has been sojourning in Bangkok. Although the government had reportedly set his arrival for early November, Minh is now quoted as saying that he plans to return at the end of this week.

He appears to be trying to demonstrate his independence of the current leaders in Saigon, for he reportedly has also indicated that he has not yet decided on accepting President Thieu's offer of a presidential advisory post.

Minh's action could result in delaying his actual return, because President Thieu seems determined to grant his entry only under conditions which would demonstrate unity of political forces in South Vietnam.

[REDACTED]

2 Oct 68

Central Intelligence Bulletin

1

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SECRET

25X1

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Czechoslovakia-USSR: Czechoslovak leaders have taken several more steps to comply with the Moscow accord.

The Czechoslovaks are providing barracks and apartments in Bohemia and Moravia for those occupation troops remaining indefinitely. Prague has also bowed to Soviet pressures to thin out the corps of foreign correspondents in the country. Some newsmen have been informed that their visas, which are about to expire, will not be renewed. Prague probably will also be reluctant to allow the permanent accreditation of more correspondents than were there before the invasion. The US Embassy intends to make a strong case for correspondents of the two major American wire services to be accredited in Prague.

Czechoslovak officials have also cautioned students to keep a "cool head" and to refrain from activities that would offend the occupation powers. The newly recognized Students' Union has pledged its support to the Dubcek regime, but its interpretation of "support" may not include blind submissiveness.

The Soviet leadership still is dissatisfied with the concessions Prague has made since signing the Moscow agreement. TASS last night charged that the banned Club 231--an association of former political prisoners--has organized "armed terrorist groups" in collusion with "imperialist intelligence services." These groups, according to TASS, are to change "under a certain situation from moral terror to armed white terror."

\* \* \* \*

Marshal Yakubovsky completed his tour of Warsaw Pact capitals in Bucharest on 29 September. There was a hint of coolness in Bucharest, where the press has so far failed to use even standard terms, such as

SECRET

SECRET

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"friendly" or "comradely," in describing the talks. The tour has received only the briefest mention in the press of the capitals Yakubovsky has visited. A Rumanian Foreign Ministry official has said merely that the purpose of the visit will be made clearer in the next few days.

25X1

Approved For Release 2004/03/11 : CIA-RDP79T00975A012200090001-6

SECRET

25X1

Approved For Release 2004/03/11 : CIA-RDP79T00975A012200090001-6

Approved For Release 2004/03/11 : CIA-RDP79T00975A012200090001-6



SECRET

Approved For Release 2004/03/11 : CIA-RDP79T00975A012200090001-6

Finland: Quadrennial municipal elections, normally focused on local issues, next week are expected also to be influenced by recent international developments, particularly Czechoslovakia.

Observers are predicting a moderate shift away from the left in the voting on 6-7 October to fill urban and rural council seats. The principal losers are expected to be the Communist-front Finnish People's Democratic League (SKDL) and a small left-wing splinter party, which together garnered about one fourth of the vote in 1964. The SKDL, despite its strong support of the Czechoslovaks, is handicapped by close identification with the Soviets, whose prestige is now at a low ebb.

The Social Democrats stand a good chance of retaining the approximately 25 percent of the vote they won in 1964. Although the Social Democrats will benefit from public revulsion to events in Czechoslovakia, this will be offset to some extent by defections from the party's right wing to the non-Socialist parties because of discontent over cooperation with the Communists.

The only one of the four major non-Socialist parties likely to make significant gains is the Conservative Party. In addition to fielding strong candidates, the Conservatives will benefit from the Eastern European crisis and from middle-class fears that the Social Democrats have been moving too far to the left. President Kekkonen's Center (Agrarian) Party may decline somewhat because of continued urbanization and dissatisfaction of the farmers with party policy.

25X1

2 Oct 68

*Central Intelligence Bulletin*

5

Approved For Release 2004/03/11 : CIA-RDP79T00975A012200090001-6

SECRET

USSR-Italy: The Italian state-owned oil and gas agency, ENI, reportedly has broken off for an indefinite period negotiations with the USSR for purchase of natural gas.

The long-standing negotiations had been stalled during the past year, primarily over price differences. The talks also dealt with construction of a western link of a large-diameter pipeline, stretching 3,000 miles from western Siberia through Austria to Trieste, for transporting the natural gas.

ENI probably broke off the talks because the Dutch reduced the price of gas from their Groningen deposits several months ago, and ENI has discovered two offshore natural gas deposits in the North Adriatic. ENI has also discovered sizable natural gas reserves in its concession in Egypt. It is studying problems of transporting this gas to Italy.

ENI is anxious to maintain cordial relations with the USSR, however, in order to develop whole-plant sales. It may, therefore, be willing at some future date to buy some Soviet natural gas. [REDACTED]

25X1

25X1

SECRET

Communist China: Peking's National Day celebrations yesterday were used to reaffirm the policies of stabilization which have emerged since July.

A short speech by Vice Chairman Lin Piao at the major rally and another by Premier Chou En-lai at a banquet the evening before were notable mainly for the slight attention given to Vietnam, a major theme last year. On domestic affairs, both leaders gave short shrift to the Red Guards and indicated again that the leading role in society henceforth will be taken by industrial workers backed by the army. Mao Tse-tung was present at the National Day rally but as usual did not speak.

As in the past, the celebrations were an occasion for a show of unity within the leadership. Published namelists of those who attended National Day events indicate that no important changes in rank have taken place in recent months.

The need to "rebuild the party"--to re-establish and strengthen lines of governmental authority--was stressed in a joint People's Daily - Red Flag - Liberation Army Journal editorial of 1 October. For several weeks, propaganda has discussed steps for reviving the party, but progress along these lines is expected to be slow and difficult.

25X1

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SECRET

Philippines: President Marcos is now playing the Sabah dispute to his own political advantage, thus all but erasing prospects for an early easing of Philippine-Malaysian tensions.

Marcos appears to have turned the tables on political opponents who kept the claim alive to discomfit him. He probably now sees the Sabah issue as offering substantial potential for developing a national consensus in his favor before next year's presidential election. He is showing considerable skill in converting an issue he initially regarded as a political embarrassment into a matter of national honor.

[REDACTED]

[REDACTED]

[REDACTED] The government also probably stimulated work slowdowns at US bases and plans for boycotts of Malaysian and British products which have been announced by labor groups. Marcos has been giving heavy emphasis to the Sabah claim in a current speaking tour of the provinces.

Marcos probably also feels that emotions over Sabah can be used to deflect public dissatisfaction with the administration's performance on domestic issues. In addition, he may calculate that Philippine disappointment with the US position on the Sabah issue can be turned to his political advantage by demonstrating his credentials as a strong nationalist acting independently of the US.

Marcos' aggressive stance has generated increasingly strong anti-Philippine public and official indignation in Malaysia. Prime Minister Rahman, however, in contrast to Marcos, is not deliberately exploiting the issue for domestic political purposes, although the issue may improve his already very strong position for elections scheduled next spring.

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Israel: Labor Party Secretary General Pinhas Sapir has apparently superseded Deputy Prime Minister Allon as the heir apparent to Prime Minister Eshkol.

The naming of Allon as deputy prime minister last June aroused speculation that he was being groomed to take over when Eshkol eventually decides to step down. Since then, however, [REDACTED]

25X1

[REDACTED] Eshkol was seriously annoyed with Allon's arranging, apparently on his own initiative, a meeting with President Johnson on 9 September. [REDACTED]

25X1

Allon commands some popularity among the Israeli public but nowhere near as much as Dayan, and his support in the Labor Party itself is confined largely to his Achdut Avodat faction. In contrast, Sapir, the former finance minister, has impressive strength within the party, and, even though less popular than Allon, is in a better position to line up support for the succession.

Sapir is one of the old guard party stalwarts, representing like Eshkol the older European Zionists who have been in power since the establishment of Israel. Although these leaders are being increasingly hard pressed by younger elements anxious to get power, the party's central committee recently rejected a bid by Dayan and his followers for an elected party convention prior to the 1969 elections. This assures old guard control of the party--and thus presumably of the Israeli Government--for the next year or so. [REDACTED]

25X1

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Congo (Kinshasa): The return of rebel leader Pierre Mulele as a national hero has provoked strong reactions in Kinshasa.

Mulele, an associate of leftist former premier Patrice Lumumba, led guerrilla activities against the central government in Bandundu Province in western Congo from 1963 until he fled to Brazzaville last month. Following [redacted]

[redacted] talks in Brazzaville with Foreign Minister Bomboko, Mulele was granted amnesty, and he agreed to return to Kinshasa on 29 September.

Apparently to prove their good intentions, top Kinshasa officials have treated Mulele as a brother returning to the fold. Mulele is staying at Bomboko's home and was guest of honor at a cocktail party given by Congolese Army Commander Bobozo Sunday night. Many Congolese, however, are incensed by this turnabout in view of the many atrocities ascribed to Mulele. They believe he should be arrested and brought to trial immediately.

Mulele may be taking a chance in trusting Kinshasa's promise of safety, particularly inasmuch as the guarantee did not come from Mobutu himself. Mobutu, who is scheduled to return to the Congo today following a three-week visit to North Africa, reportedly sent instructions that he wanted Mulele brought back to Kinshasa by any means. There is speculation that when Mobutu returns he may "qualify" Mulele's amnesty. [redacted]

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NOTE

World Communist Conference: The international Communist summit scheduled for 25 November appears to be a casualty of the Soviet intervention in Czechoslovakia. The official communiqué issued yesterday at the close of the preparatory meeting in Budapest said a similar meeting would be held on 17 November to "examine" the date of the world conference. There have been reports of acrimonious debate in the Budapest meeting over the Czechoslovak issue. This probably forced the postponement, although Moscow was able to win "unanimous" approval of the need for a world conference and presumably intends to lobby during the recess for convening it in the near future.

25X1

2 Oct 68

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11

SECRET

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